

CENTRAL INTELLIGENCE AGENCY

10 May 1949

INTELLIGENCE MEMORANDUM NO. 173

SUBJECT: Effects of a US Foreign Military Aid Program

REFERENCES: ORE 41-49, 24 February 1949
CIA 3-49, 16 March 1949
CIA 4-49, 20 April 1949
ORE 46-49, 3 May 1949
CIA 5-49, to be published 19 May 1949
ORE 48-49, in preparation

1. We have been requested to review ORE 41-49 in the light of subsequent developments since its preparation. The two pertinent major developments since the date of that estimate have been:

- a. The actual signing of the North Atlantic Treaty.
- b. Soviet initiative toward reconvening the Council of Foreign Ministers to consider the German problem.

2. The signing of a North Atlantic Treaty was assumed in ORE 41-49. The actual event does not affect the conclusions of that paper. The immediate psychological response in Western Europe has been favorable, but, as is more fully set forth in CIA 3-49 (pp. 3-6), the maintenance of this initial effect is dependent upon the implementation of a related US military aid program. The conclusion is still valid that a US failure to afford expected military aid would tend to undo the good effect of the Treaty.

3. The Soviet initiative toward reconvening the CFM must be related not only to the Atlantic Treaty and military aid program, but to the total situation in which those developments are conspicuous elements. More immediate considerations are the failure of the Berlin blockade as a measure of coercion, progress toward the organization of a West German state, and general deterioration of the Soviet position in

Notes: This memorandum has not been coordinated with the departmental intelligence organizations. ORE 48-49, referred to within, will be coordinated with them.

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Germany, all calling for a shift in Soviet tactics. This subject will be more fully discussed in CIA 5-49 and ORE 48-49, both scheduled for early publication. It may be noted here, however, that this specific development falls within the general terms of the conclusions reached in ORE 41-49. The USSR continues to employ political rather than military means to accomplish its own purposes and to frustrate those of the United States. The Soviet initiative toward reconvening the CFM is an intensification of the "peace offensive." It has not precluded continuing propaganda attack on the Atlantic Treaty and military aid program or continuing pressure on such peripheral states as Iran. A successful outcome of CFM negotiations is by no means assured. Agreement on Germany could lead to a détente, but it could also lead to a renewal of the struggle for control of Germany under the new circumstances. The presumption still is that the USSR is not seeking an equitable and enduring settlement.

4. Conclusion: Developments since its publication do not require revision of the conclusions reached in ORE 41-49.